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November 9, 2016

VIA ECF & FEDEX

The Honorable Michael A. Shipp, U.S.D.J.
United States District Court
Clarkson S. Fisher Fed. Bldg. & U.S. Courthouse
402 East State Street
Trenton, New Jersey 08608

Re: *Sucampo AG, et al. v. Dr. Reddy's Laboratories, Inc., et al.*
 Civil Action No. 14-7114 (MAS)(DEA)

Dear Judge Shipp:

This firm, together with Paul Hastings LLP, represents Plaintiffs Sucampo AG, Sucampo Pharmaceuticals, Inc., R-Tech Ueno, Ltd., Takeda Pharmaceutical Company Limited, Takeda Pharmaceuticals USA, Inc., and Takeda Pharmaceuticals America, Inc. (collectively, "Plaintiffs") in the above-captioned matter.

We are pleased to inform the Court that Plaintiffs and Defendants Dr. Reddy's Laboratories, Inc. and Dr. Reddy's Laboratories, Ltd. have reached an amicable resolution of this matter. Accordingly, enclosed for Your Honor's consideration is a Consent Judgment and Proposed Order which, subject to Your Honor's approval, will close this case. If the enclosed Consent Judgment and Proposed Order meets with Your Honor's approval, we respectfully request that it be so ordered and entered on the docket.

Thank you for Your Honor's kind attention to this matter.

Respectfully yours,

A handwritten signature in blue ink that reads "William C. Baton".

William C. Baton

Enclosure

cc: Hon. Douglas E. Arpert, U.S.M.J.
 All Counsel (via e-mail)

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Attorneys for Defendants
Dr. Reddy's Laboratories, Ltd. and
Dr. Reddy's Laboratories, Inc.

**UNITED STATES DISTRICT COURT
 DISTRICT OF NEW JERSEY**

SUCAMPO AG, SUCAMPO
 PHARMACEUTICALS, INC.,
 R-TECH UENO, LTD., TAKEDA
 PHARMACEUTICAL COMPANY
 LIMITED, TAKEDA PHARMACEUTICALS
 USA, INC., and TAKEDA
 PHARMACEUTICALS AMERICA, INC.,

Plaintiffs,

v.

DR. REDDY'S LABORATORIES, INC. and
 DR. REDDY'S LABORATORIES, LTD.,

Defendants.

Civil Action No. 14-7114
 (MAS)(DEA)

(Filed Electronically)

CONSENT JUDGMENT AND ORDER

This action for patent infringement (the "Patent Litigation") has been brought by Plaintiffs Sucampo AG, Sucampo Pharmaceuticals, Inc., R-Tech Ueno, Ltd. (collectively, ("Sucampo")), Takeda Pharmaceutical Company Limited, Takeda Pharmaceuticals USA, Inc., and Takeda Pharmaceuticals America, Inc. (collectively, "Takeda" and together with Sucampo, "Plaintiffs") against Defendants Dr. Reddy's Laboratories, Inc. and Dr. Reddy's Laboratories, Ltd. (collectively, "DRL") for infringement of United States Patent Nos.

6,414,016 (“the ’016 patent”); Patent No. 7,795,312 (“the ’312 patent”); 8,206,393 (“the ’393 patent”); U.S. Patent No. 8,071,613 (“the ’613 patent”); 8,097,653 (“the ’653 patent”); 8,338,639 (“the ’639 patent”); and 8,389,542 (“the ’542 patent”) (collectively, the “Sucampo Patents”). Plaintiffs’ commencement of the Patent Litigation was based on its receipt of notice from DRL that DRL filed ANDA No. 206994 with the United States Food and Drug Administration containing a certification pursuant to 21 U.S.C. § 355(j)(2)(A)(vii)(IV) directed to the Sucampo Patents and seeking approval to market generic versions of 8 mcg and 24 mcg lubiprostone capsules.

On October 26, 2015, representatives of DRL, Sucampo, and Takeda participated in a court-mediated settlement conference, and have now agreed to enter into a good-faith final settlement agreement regarding this Patent Litigation on the expectation and belief that this would eliminate the substantial litigation costs that would otherwise be incurred by both Plaintiffs and DRL during the Patent Litigation, while also serving the public interest by saving judicial resources and avoiding the risks to each of the parties associated with infringement. This reasonable final settlement shall afford Plaintiffs and DRL the procompetitive opportunity to more productively use money and other resources that would have been spent in the continued prosecution and defense of this Patent Litigation, to the benefit of the parties and consumers alike, such as by investing more money in pharmaceutical research and development.

Each of Plaintiffs and DRL acknowledge there is significant risk to each of them associated with the continued prosecution of this Patent Litigation and have consented to judgment through a final settlement as reflected in the Consent Judgment set forth herein. The Court, upon the consent and request of Plaintiffs and DRL, hereby acknowledges the following Consent Judgment and, upon due consideration, issues the following Order.

Plaintiffs and DRL now consent to this Consent Judgment and Order and IT IS, this _____ day of _____, 2016, HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This Court has subject matter jurisdiction over this patent infringement action, and personal jurisdiction over Plaintiffs and DRL for purposes of this action. Venue is proper in this Court as to Plaintiffs and DRL as to this action.

2. In this Patent Litigation, which was filed on November 12, 2014, Plaintiffs have charged DRL with infringement of the Sucampo Patents in connection with DRL's submission of Abbreviated New Drug Application ("ANDA") No. 206994 directed to generic tablets containing 8 mcg and 24 mcg of lubiprostone per capsule ("DRL's ANDA No. 206994 Products") to the U.S. Food and Drug Administration ("FDA").

3. In response to Plaintiffs' charges of patent infringement, DRL has alleged certain defenses, including that Sucampo Patents are invalid and/or not infringed. No decision has been obtained by the parties from this Court regarding these charges of infringement or these defenses.

4. DRL has not obtained a decision from the Court finding that it has rebutted the statutory presumption that the Sucampo Patents are valid and enforceable in the Patent Litigation.

5. DRL admits that the submission of ANDA No. 206994 containing a certification pursuant to 21 U.S.C. § 355(j)(2)(A)(vii)(IV) to the FDA for the purpose of obtaining regulatory approval to engage in the commercial manufacture, use and/or sale of DRL's ANDA No. 206994 Products within the United States before the expiration of the Sucampo Patents was a technical act of infringement of the Sucampo Patents under 35 U.S.C. § 271(e)(2)(A). This admission is further without prejudice to any claim, defense or

counterclaim in any future action between DRL and Plaintiffs, or any successor-in-interest to Sucampo, regarding the Sucampo Patents and/or a generic lubiprostone product other than DRL's ANDA No. 206994 Products.

6. Both parties have agreed that each of the defenses and counterclaims set forth in DRL's Answer, including the allegations and averments contained therein, should be dismissed, without prejudice.

7. DRL, their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are hereby enjoined from manufacturing, using, offering to sell or selling within the United States, or importing into the United States, any generic capsule product containing 8 mcg and/or 24 mcg of lubiprostone per capsule that is the subject of ANDA No. 206994 until January 1, 2023 or at such earlier date as may be permitted by the Settlement and License Agreement that the Parties have entered into.

8. Plaintiffs and DRL each expressly waives any right to appeal or otherwise move for relief from this final Consent Judgment And Order.

9. This Court retains jurisdiction over Plaintiffs and DRL for purposes of enforcing this final Consent Judgment And Order.

10. This Consent Judgment and Order is without prejudice to, and shall have no preclusive effect as to, any claim, defense or counterclaim in any future action between DRL or any successor-in-interest to DRL, and Plaintiffs, or any successor-in-interest to Plaintiffs, regarding the Sucampo Patents and/or a generic lubiprostone product other than DRL's ANDA No. 206994 Products. Further, this Consent Judgment and Order shall not be admissible in evidence, as an admission of DRL or otherwise, in any such future action.

11. The Clerk of the Court is directed to enter this final Consent Judgment

and Order forthwith.

IT IS SO STIPULATED:

Respectfully submitted,

Dated: November 9, 2016

By: s/ William C. Baton

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SO ORDERED:

This _____ day of _____, 2016

HONORABLE MICHAEL A. SHIPP
UNITED STATES DISTRICT JUDGE